

Message Text

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ACTION EB-08

INFO OCT-01 ARA-14 ISO-00 AID-05 CIAE-00 COME-00
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FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 1441

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E.O. 11652: N/A

TAGS: EFIN, ECON, ELAB, JM

SUBJECT: IMF-FINANCE MINISTER LINKS NEW GOJ WAGE POWERS TO IMF
BOARD APPROVAL

1. FINANCE MINISTER ERIC BELL WARNED THE HOUSE OF REPRESENTATIVES THAT THE IMF BOARD MIGHT NOT APPROVE THE AGREEMENT FOR \$240 MILLION IN LOAN ASSISTANCE IF PARLIAMENT DID NOT PASS LEGISLATION GRANTING THE MINISTER OF LABOUR GREATER POWERS TO MONITOR WAGE DISPUTES AND SETTLEMENTS. THE BILL IN QUESTION IS AN AMENDMENT TO THE LABOUR RELATIONS AND INDUSTRIAL DISPUTES ACT WHICH GIVES THE MINISTER POWER TO REFER ALL DISPUTES TO THE INDUSTRIAL DISPUTES TRIBUNAL AND TO REQUIRE CONSIDERATION OF THE NATIONAL INTEREST IN WAGE SETTLEMENTS AND AWARDS IN BOTH PUBLIC AND PRIVATE ARBITRATION.
2. MR. BELL'S STATEMENT WAS A RESPONSE TO A QUESTION BY THE OPPOSITION AS TO WHETHER THE LEGISLATION WAS BEING IMPOSED BY THE IMF OR WAS A RESULT OF THE GOVERNMENT'S OWN POLICIES. BEYOND VOICING HIS DOUBTS THAT THE IMF WOULD CONSIDER FAVORABLY JAMAICA'S LOAN APPLICATION WITHOUT SUCH LEGISLATION, THE MINISTER FURTHER EMPHASIZED THAT IF THE 15 PERCENT WAGE FUND GUIDELINES ARE BREACHED, IT

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WILL HAVE VERY SERIOUS EFFECTS " IF AND AFTER WE HAVE GOT THE APPROVAL OF THE BOARD OF THE IMF AGREEMENT." MR. BELL DESCRIBED THE LEGISLATION AS THE UNDERSTANDING WITH THE IMF "EKED OUT OF DIFFICULT CIRCUMSTANCES" TO PREVENT BREACHES OF THE WAGE GUIDELINES AS HAD HAPPENED IN 1977.

3. THE BILL WAS PASSED OVER STRONG OBJECTIONS FROM THE
OPPOSITION.
HAVERKAMP

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Message Attributes

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